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Memorandum of Conversation

Amb. Mr Bruce
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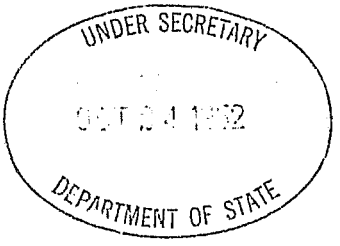
DATE: October 6, 1952

SUBJECT:
1. Dutch Security Apprehensions regarding the Justice Department's Anti-Trust Action Against the International Oil Cartel.
2. EDC Ratification.
3. France and the Tunisian Case in the UN.

PARTICIPANTS:
Dr. J. H. van Roijen, Netherlands Ambassador
The Under Secretary
L/E - Mr. Metzger
WE - Mr. McClelland



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Ambassador van Roijen said that he wished to speak about the anti-trust litigation between the U. S. Justice Department and the international oil concerns. He recalled that Dr. Luns had raised the matter with the Secretary in their conversation of September 10, particularly its impact in Indonesia. The Ambassador said he was instructed to reiterate his Government's "grave concern" regarding these developments, and to express their fear that the disclosure of information regarding the operations of these oil companies outside of the U. S. and Europe might result in strategic impairment to the Netherlands. His Government was especially concerned, the Ambassador emphasized, over the position of Royal Dutch Shell in Indonesia. There was already tangible evidence of the difficulties which could arise from the U. S. action. The Indonesians, for example, having agreed to a date on which discussions were to be held with the Dutch regarding various oil property financial arrangements, had immediately pulled back when the news of the U. S. anti-trust action broke and had postponed further action indefinitely. Given the existing strong opposition in the Indonesian Parliament to the oil companies, the levelling of an official accusation in the United States against these concerns for illegal acts made the position of the Indonesian Government doubly difficult.

Ambassador van Roijen went on to say that he had been instructed, secondly, to tell us confidentially that the Netherlands Government was seriously considering what measures should be taken to prevent their oil companies from handing over documents which might prejudice national security interests. He said that his Government hadn't yet decided

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what course to adopt. It was not yet certain whether they would follow the procedure of sending a letter to the oil companies requesting them not to surrender documents used by the British in the Anglo-Iranian case. He was inclined to think, however, that the Netherlands Government might go even farther and pass a decree forbidding the companies to do so.

I replied that we had taken it for granted that sooner or later the Dutch would be in to see us on this matter. We had already had numerous approaches by U. S. and British oil concerns. The Department was, of course, well aware of the serious international complications which could result from the Justice Department's action. With respect to the release of documents, I told the Ambassador that while we recognized its serious implications, I was afraid that our courts would sustain the subpoenas. It was my understanding, I added, that to date no Dutch concerns, properly speaking, had been subpoenaed, but only the Asiatic Petroleum Corporation, which was a United States concern.

The Ambassador confirmed the correctness of my statement, adding that he believed Royal Dutch Shell maintained only a representational office in the United States and did not operate here as such. Dr. van Roijen noted that a complicating factor in this respect, nevertheless, was that one of the directors of Asiatic Petroleum, Mr. Wilkinson, was also a director of Royal Dutch Shell.

In response to my query, Mr. Metzger explained that the arguments of the oil concerns to quash the subpoenas would be concluded today, and that the court was expected to render a decision later on in the week. Mr. Metzger went on briefly to describe the nature of the subpoenas served on Asiatic Petroleum, and emphasized that as yet no Dutch concerns were directly involved.

Ambassador van Roijen remarked somewhat wryly that although this might, in fact, be correct, the subpoena against Asiatic Petroleum was obviously only a first step.

I observed that this also could be taken for granted. The Ambassador then described laughingly the position of a common Dutch acquaintance of ours who was at present in Canada, and who, he said, had no intention of setting foot across the border under present circumstances.

I told the Ambassador that unfortunately there was almost nothing I could say at the moment about this whole affair. We had, of course, assumed in advance that the Dutch would be making representations to us regarding Royal Dutch Shell. Ambassador van Roijen rejoindered that he hoped very much some way could be found to safeguard Netherlands security interests in respect to the action against these companies. I told him we hoped that some screening of the documentary material

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to be presented could be carried out, but that I could give him no definite assurances on this score. Unquestionably the whole matter had dangerous aspects.

The Ambassador reacted promptly and with obvious interest to my mention of the possibility of screening, and wondered how much could be done in this respect. I told him that depended, of course, on just how the Justice Department made its case. The Department of State had no legal right to intervene, but, at most, the possibility of perhaps bringing some moral pressure to bear. Mr. Metzger observed that the Department could, for example, call attention to any evidence involving extreme security considerations. I remarked that what might affect security, however, might be quite different from information which could have very unpleasant political repercussions. About the only comfort I could give the Ambassador, I said, was to state that we are greatly concerned regarding the potential effects of this action on our own foreign policy. We also realize that it complicates the Indonesian situation.

EDC

Turning to another subject, Ambassador van Roijen asked whether we were optimistic regarding developments in the EDC. In response, I told him that I had seen Hallstein recently, and that he had no doubts whatever about ultimate German ratification. The matter was to pass from the committee stage to the Bundestag some time this month. Then two relevant decisions of the Federal Court would have to be considered, after which the Treaty would go to the Bundesrat. Hallstein anticipated that final signature would take place during December.

Regarding other countries, I told the Ambassador that I thought much would depend on the pressure exerted by prior ratifications. The French, for instance, were not likely to submit the matter to their parliament before early January unless pressure of this kind developed. I understood that the Italians, on the other hand, would probably proceed regardless of French ratification. I took the occasion to remark that I hoped very much the Dutch Government would also proceed independently, and asked the Ambassador whether a long committee process was involved in Dutch parliamentary action on the EDC. Dr. van Roijen said that although the matter would have to go through various committees of both Houses before final debate, this process could be abridged. I stressed the great psychological importance of getting the ball rolling on EDC ratification, adding that I hoped nothing would occur in France, such as a fall or change of government to confuse and delay the situation there. M. Schuman, as the Ambassador probably knew, was not in the happiest of postures at present. Barring some extremely unfavorable development, such as the absence of a government for a prolonged period.

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period, I said that we placed our greatest reliance with respect to France on the external pressure of prior ratifications by the Parliaments of other countries. I told the Ambassador that, as I had observed recently to a French newspaper editor, it was hardly understandable for outside countries, such as the United States, to get into the position of propagandizing in France, where the whole EDC initiative had, after all, originated, in favor of ratification.

The Ambassador said that, as I was aware, the Netherlands had initially been very negative toward the EDC. However, they had been converted, and, like all converts, now desired to press forward. Dr. van Roijen declared that his government certainly did not consider it necessary to wait on French or German ratification. The importance of ratifying the EDC was fully realized in the Netherlands, and they planned to go ahead as expeditiously as possible.

France and the Tunisian Case in the UN

With reference to the present difficulties of M. Schuman's position, the conversation turned to the subject of the Tunisian case before the forthcoming UN General Assembly. I told the Ambassador that in my view almost everything depended on how the French presented their case. There was no doubt whatever that the Arab-Asian group had sufficient votes to get inscription. What was needed, I believed, was an eloquent, dramatic and full statement by the French of the not inconsiderable progress which had been made in North Africa over the past 70 years under French auspices; and to the best of my knowledge the French had never really presented this case to the world. With respect to the specific matter of their reform program for Tunisia, I said I thought the French should discuss it freely, and contrast what has been done with what was offered. As it stands, the French program for Tunisia should satisfy all but the extremists.

Ambassador van Roijen expressed the opinion that it would be difficult for the French to avoid debate on the issue of UN competency. Here, he felt that the French would be well advised to adopt the tactic which the Dutch had used in the Indonesian case, that is, to reserve their position of principle while indicating a willingness to speak on the subject as a matter of courtesy to the Assembly. The Ambassador wondered, however, whether French public opinion would tolerate even this. I said I thought that if the UN were to go so far as to vote for a committee to investigate conditions in Tunisia, I would not be at all surprised if the French withdrew from the UN. Ambassador van Roijen believed that if such a committee were created, the French would certainly refuse it admittance to Tunisia. As matters now stood in Tunisia, I told the Ambassador that I felt it would be almost impossible to get the Neo-Destour group to sit down to reasonable discussions with the French unless there had been some prior ventilation of the whole subject in the UN. The greatest mistake the French could make at the forthcoming Assembly would be to get involved in a debate

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in a debate on the competence issue without really making a decent presentation; and I added that in my opinion the form of such presentation was almost as important as its content. The man they needed to state their case was someone of the stature of Briand, who was not only a brilliant orator but stood above party politics. The only living Frenchman I could think of who might fill this bill was Herriot, if indeed he was still physically up to it.

The Ambassador agreed with me that the French could certainly not rest on legal formalities. Tactically, however, it might prove possible to hold debate to a minimum, and to get the matter through the Steering Committee and the Assembly over into the First or Ad Hoc committee where, Dr. van Roijen expressed the hope, a moderate resolution could be passed which would ultimately lead to renewed, bilateral negotiations between the French and Tunisians. I said that this was our hope too.

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